

M/047/010



United States Department of the Interior

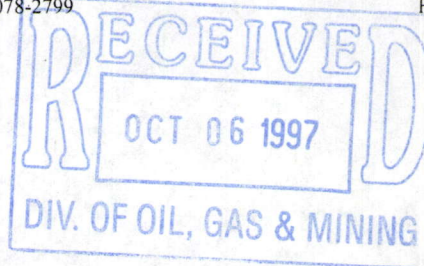
BUREAU OF LAND MANAGEMENT

Vernal District Office
170 South 500 East
Vernal, Utah 84078-2799

Phone: (801) 781-4400
Fax: (801) 781-4410

IN REPLY REFER TO:
3100
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Certified Mail No. P-755-884-427
Return Receipt Requested



American Gilsonite Company
136 East South Temple, Suite 1460
Salt Lake City, Utah 84111

OCT 03 1997

Gentlemen:

On July 8, 1997, we requested copies of your State mineral leases (ML-926, ML-30616, ML-31934). We need these copies of your leases so that we can review the terms and conditions attached thereto and prepare Section 302 permits needed to facilitate processing and approval of your future mineral operations.

We had to take this extraordinary step because the land and the underlying mineral estate upon which your current leases are located no longer belong to the State of Utah; the land was conveyed by the State of Utah to the United States of America in 1983. It is clear from the language in the conveyance document that we sent to you in July that the United States has jurisdiction over the minerals in the lands covered under your State mineral leases.

Please send us a copy of the above mineral leases as soon as possible. If you have any questions or wish to discuss this matter further, please feel free to call Peter Kempenich of my staff at (801) 781-4432.

Sincerely,

David E. Howell
District Manager

cc: Utah School and Institutional Trust Lands Administration
675 East 500 South
Salt Lake City, Utah 84012

Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 210
Salt Lake City, Utah 84114-5801

PKempenich:pk:10/03/97